

Mayor's State of the City Address

March 25, 2014

Thank you Jennifer Roosenberg (Executive Director of the Ferndale Area Chamber of Commerce) for that introduction and for hosting us here at The Rust Belt Market, a true Ferndale original and certainly worthy of the all attention they have received. Chris & Tiffany Best have created something very special here, and adding the new event space we know has helped make it an even more valuable asset in our town. I encourage you to consider it for parties and events...yes, another shameless plug for our great Ferndale businesses!

I'd also like to thank Jennifer, Jay McMillan and all the people at the Ferndale Area Chamber who helped organized this event. The Chamber was recently honored as a Chamber of the Year in their category, which surprised absolutely no one here who understands the great services they offer.

I want to recognize my fellow members on the City Council; Mike Lennon, Melanie Piana and Dan Martin and Greg Pawlica. You know, in many ways we're five very different people, but together I'm proud to say there's only one agenda, and that's what's best for our city, and I couldn't be happier to call them colleagues and friends.

Finally, I'd like to thank all the city staff who came out today. Ferndale is blessed with a hard-working and creative group of employees, and our residents can rest assured that the day to day operations of the city, under the leadership of our City Manager April Lynch, is in good and capable hands.

Let me speak specifically about some of the accomplishments related to our city operations over the past year.

- I guess it's appropriate to start this year with our DPW department, considering we've already declared 7 snow emergencies. Our DPW employees have been working like never before to plow our 80 miles of roads, and get this: we've already used 5,400 tons of salt on the roads, which is 175% above the City's 15 year average.

And, as a result of the extreme winter weather, water main breaks and service leaks were more frequent this year, and we even had 11 frozen water services leads, which no one at DPW can ever remember happening before.

But I'm proud to say that even with all these challenges, DPW is actually saving money overall because of two pilot programs, one for tree management and one for pavement repair, that together could save the city nearly \$1/2 million in annual contractor costs. Loyd Cureton and the entire DPW crew deserve a round of applause.

- In addition, our city remains safe, and is getting safer. Police Chief Collins reports that Part 1 FBI crimes in Ferndale were down again last year in nearly every category. Unfortunately, we did experience a rare murder last year in our city, but I'm proud to say that as a result of some outstanding work by our officers and detectives, the suspect was apprehended within days and is now behind bars.
- Our Fire Chief, Kevin Sullivan, also had a busy year as he explored a potential partnership with the City of Hazel Park for a Fire Authority that we hoped could reduce costs and protect our fire services. Unfortunately, those talks have not led to an agreement, so it's back to the drawing board for how to maintain our outstanding fire department. Whatever we end up deciding, however, I want residents to know – as well as our fire service customers in Royal Oak Township and the City of Pleasant Ridge – that we will not compromise our mission to provide a full service fire department along with the quick response time we're known for.
- You may have noticed that the look of our town has changed a bit since last year, too. We completed the streetscape makeover of West Nine Mile Road, and this area now looks and feels more like the rest of our downtown. But we didn't do it just for appearances sake; we're already attracting new businesses who want to be part of the revitalization of our west end, and I want to thank Board Chair Mike Hennes and all the board and staff at the DDA who worked with us to help make this project a

success. I also want to acknowledge Mayor Pro Tem Dan Martin, who has served as my co-representative to the DDA.

- Our courthouse is changing too, and by this Summer you will see a building there that is safer, more functional and – together with the improvements to our Police Department – will be an important part of the revitalization of East Nine Mile.
- Speaking of the court, I want to take a moment to mention our District Court Judge, Joe Longo, who came back to work last week after battling a life threatening illness since last Fall. Ferndale is so fortunate to have Judge Joe and his passion and leadership back, and I just want to express how grateful I am for his recovery. Welcome back, Judge.
- On the Parks & Recreation front, we wrapped up the work of the Blue Ribbon Task Force on Ferndale Parks that I announced at last year's State of the City address. Their mission was to get input from the community on what features or programs residents would like to see in our parks and make recommendations to Council. We also said we wouldn't dip into fund balance to pay for the improvements, making their job even tougher. I'm happy to say they did a great job, and later this year you will begin to see the results of their effort – everything from a new dog park to walking trails, a disc golf course and new play structures. I want to thank Jill Manchick and Loyd Cureton for leading this group, and also Councilman Pawlica for agreeing to lead the effort going forward to make sure these projects and more actually come to fruition.

Let's also talk a minute about the economic conditions in Ferndale. I've focused a lot on economic development since I became Mayor, because I believe sound economic fundamentals in a city are the foundation for creating every other success.

That's why I'm proud that one of the first things I did was create the Mayor's Business Council – which is an advisory group of local industrial and commercial

CEOs that work with us to identify strategies to help businesses – and jobs - flourish here.

And that environment is indeed flourishing. Unemployment in Ferndale is now under 7%. The vacancy rate in our industrial section is under 5%, a dramatic improvement and a testament that hard work and planning can pay off. We see it in our downtown, too, with a vacancy rate under 4%; with more than 25 net new businesses and almost 300 new jobs created last year; and, an impressive \$5 million in new investment in our downtown.

On a personal note, maybe my favorite statistic is that angry calls and emails to the Mayor about parking meters are down a whopping 98%!

Finally, we see it in our residential areas, too, with housing values rising again, and vacancies now lower than they were before the Great Recession.

We've had about 15 new housing starts – which may not sound like a lot but it's more in the last 12 months than in the last 6 years – and there's a possibility to add another 15-25 new homes next year with a development on the site of our DPW storage yard.

So now, let me give you just one example of why I'm so encouraged about where our economy is headed in Ferndale.

Our largest piece of industrial property in the entire city is at 965 Wanda Street – yes, I've memorized the address – because this property has sat vacant for over a decade. But this past year it was purchased by Jeff Denha of Brass Aluminum Forging, who brought this blighted, vacant and contaminated building back to life, and back to the tax rolls.

After an almost \$1 million investment from Jeff and \$400,000 from our Revolving Loan Fund, this company has created nearly \$15 million in direct and indirect investment, and has created a space so that two other great Ferndale businesses – Allied Printing and Valentine Distillery – can expand in that space and stay here in town. Oh, and they've helped keep or create nearly 100 new jobs.

These kinds of examples speak for themselves, and should give residents confidence that we are meeting our greatest challenges head on.

Having said that; let me also be clear that very real financial challenges remain. While the taxable value of our homes and businesses are finally starting to climb again, we still face budget shortfalls like the nearly \$1 million one we had last year. We covered that mostly by not investing in major infrastructure and capital projects - but those big ticket expenses can't be put off forever.

Staff and Council have been working hard to create efficiencies and maintain staffing levels while trying to find ways to save money, but still, shortfalls remain. We will be challenged over at least the next five years as we dig out from the hole of the recession to keep expenses down. And, let me be transparent and realistic that the Headlee millage we approved, and that will expire in 2016, will likely have to be maintained at some level.

In addition, Lansing continues to do us no favors. Not only have they reduced the contribution to cities like ours, but the potential elimination of additional revenue poses a very real danger to our economic health. And so on that note, I want to announce a new partnership that we will seek to create in the next few months to help us have a stronger voice in Lansing.

This was actually an idea from our Council goal setting meeting by Councilwoman Pianna, Bridget Deegan Krause and others. The city will reach out to the School Board, the Library Board, the DDA board and other public groups that essentially have the same challenges and frustrations with Lansing as we do, to work on how we can combine our efforts to more effectively lobby for the health of all of us.

It is my hope that a more united voice – perhaps someday expanding to include other local cities – can make a bigger difference as Lansing debates policies that have a direct impact on us and our budgets. More on that group in the coming months.

But even on the subject of the budget we see encouraging signs. In fact, I'm happy to announce tonight for the first time some very exciting news about our financial health. Cities like ours are graded by rating agencies, and for the first

time in several years, our rating was just increased by Standard & Poors...from an A+ to an AA-.

After analyzing our budget, they said our financial performance was strong, and has the ability to get even stronger. Our goal remains an AAA rating. A higher rating means the City can borrow money at a lower cost, but more importantly, it's an external seal of approval that all the hard work we've done to keep our budget sound is being recognized.

It's a big deal, and I want to thank all our staff for their many ways, large and small, they've worked to keep our budget balanced and healthy.

So given all of this, you may not be surprised to hear that I believe the state of our city is strong, it's still challenged and it's constantly changing.

It's that change I'd like to talk a little bit more about now.

I'm reminded of a story from Ferndale's history. I've been told, and I'm not sure I have all the details correct, that the very first elected City Council in Ferndale was voted out of office just a year later for not doing enough to improve the streets.

Now, since I just got re-elected last year, please know that I'm not trying to give anybody any crazy ideas!

But the fact remains; the moral of this story for me is that what you did in the past is not as important as what you're doing now and, how you're preparing for the future. Just because we've been successful in revitalizing our city doesn't mean we can take our future success for granted.

So, City Council and I have been working hard to make sure things aren't just working well today, but that we're building a solid foundation for our long-term growth and prosperity. We may not be in office 20 years from now – well, maybe Mike Lennon will - but we will ultimately be judged on what we did today to help plan for 2034.

So, what do we need to do to be ready?

Well, two years ago in this speech I shared the fact that economists have said the future will be won by those cities that can attract entrepreneurs and young people – the so-called Millennials. These are the people who will raise the families and start the businesses of the future, and they're looking for places now that encourage their creativity and that reflect their values.

Speaking of Ferndale values, I should mention I was honored to be able to perform the first ever same sex weddings in our history last Saturday. Equality and inclusion are exactly the values I'm talking about.

All these things make Ferndale well-positioned to attract these Millennials, and we've done a lot already to meet their needs. It's why making our city more pedestrian and bike friendly is important, and why people like Councilwoman Pianna spends so much time on transportation issues. And, it's also why it's so important to all of us that even as we grow and change, that we maintain our unique, inclusive and quirky charm.

Because Ferndale won't stand out by blending in.

So I want to take some time to talk about a major - and I believe exciting - development that has the potential to transform our city and further position us for the future. As you've probably heard, they city has entered into an agreement to explore the possible re-development of two of our parking lots downtown, the Withington lot behind the Rust Belt and the Troy lot behind Rosie's.

Let me be clear: We have not yet approved any plans. This is just the beginning, and there are many steps between now and when we might have a project approved and ready to go. Over the next year, we - the city and the developer - will be working closely with the community to ensure all the details are covered and that this development is a great addition for our city, our businesses - and that it strikes the right balance between evolving as a city and maintaining those things that make us unique.

But, I believe the potential this project offers for us is enormous.

This mixed-use development in my mind offers three outstanding potential benefits for our city:

1. It provides relief for a parking problem that the City has been facing for at least a decade now. Having two new parking structures could eliminate the congestion during our peak hours, not to mention the congestion we've seen on the adjacent residential streets.
 2. It could provide for new downtown apartments. This is important not only to help increase the density of our downtown resident base, but also to provide the additional foot traffic that can help make our retail businesses more successful.
 3. Finally, and what really made this proposal stand out to Council, it could provide the right kind of office space to bring in quality jobs from second-stage technology and engineering firms - the exact type of jobs that are sought after by the Millennials I talked about. These are high-paying jobs with employees that would also add to that foot traffic downtown.
- I suppose I should also mention that a development of this type has the potential to contribute to our tax base and increase property values throughout the city, further adding to the other benefits I mentioned for everyone.

As I said, one of the keys to this project is the office component, and with so much office space still on the market in southeast Michigan you may wonder how this makes economic sense. And if this were typical Class A office space it might not make sense, but we're exploring something very different than that, something that frankly doesn't really exist in this region.

Technology companies thrive in office space that is functional and progressive - in space designed to allow for collaboration and flexibility. By the way, I don't pretend to tell you I know this from experience. But we're fortunate to have a partner in the project who knows exactly what tech companies need because he started and grew a very successful one right here in Ferndale.

Jake Sigal created Livio Radio in the guest bedroom of his Ferndale home in January of 2008. He started Livio as a software company that enabled

smartphone users to stream phone apps through the car radio. A simple, very useful idea. Today, Livio is on Hilton Road and has a staff of 12 engineers and software developers with plans to add six people this year.

Jake is a Ferndale success story, and he doesn't just work here, he and his wife also live here. He's a perfect example of the type of creative and entrepreneurial people who reflect the next generation of our city.

Jake has been personally successful, but he's also convinced there's a market for other tech companies that are looking for the right space outside of Silicon Valley or New York City, and he's convinced that his colleagues in the industry will think that place is Ferndale.

Frankly, we're about to find out if he's right, but I know this: I'm not a tech guy or even a Millennial; and all I can really do is to make the conditions right for this kind of growth. But it will be the Jake Sigals of the world that will take that potential and turn it into something special for our city.

Jake is here – raise your hand Jake – and I think you'll be seeing a lot more of him over the next year.

Friends, Ferndale is evolving, and our challenge will be to encourage change that helps strengthen us while keeping the things that make us special exactly the same.

Frankly, I'm excited to be a part of it, and I'm thankful that you're all a part of it, too.

Thank you very much